

April 30, 2009

FOR IMMEDIATE RELEASE

**U.S. House of Representatives**

**□ General Debate Regarding H.R. 627, the “Credit Cardholders’ Bill of Rights Act of 2009”**

**Statement by Rep. Luis V. Gutierrez**

Mr. Chairman, I rise in strong support of H.R. 627, the “Credit Cardholders’ Bill of Rights Act of 2009.”

With more than 640 million credit cards in circulation that account for an estimated \$1.5 trillion of consumer spending, the U.S. economy has clearly gone plastic. But America’s love affair with credit cards comes with a hefty price. The average credit card debt among American households has more than doubled over the past decade. Today, the average family owes roughly \$8,000 on their credit cards. This debt has helped generate record profits for the credit card industry.

Unfortunately, a growing share of the industry’s revenues come from deceptive tactics, such as universal default terms spelled out in the fine print of cardholder agreements -- the terms and conditions of which can be changed at any time for any reason with 15 days’ notice or less.

According to a recent Pew study, 100 percent of the 400 types of credit cards they reviewed contained in its terms at least one of the practices that have been found by the Federal Reserve to be unfair and deceptive. And 93 percent of the cards studied by Pew allowed for any-time,

any-reason repricing, allowing an issuer to hike up the APR on a consumer’s credit card even if they’ve never missed a payment.

In 2008, the House passed the Credit Cardholders’ Bill of Rights by a vote of 312-112 but was unfortunately was not signed into law. This year, once again under the leadership of Rep. Carolyn Maloney, we have taken up H.R. 627, which appropriately carries the name of its predecessor, and moved it swiftly to the floor for final passage.

We must pass this legislation once again. Today, Americans are suffering from rising unemployment rates, dramatically falling household wealth and declining real wages, all of which make it harder for consumers to pay off credit card debt. In fact, in 2008, we saw the percentage of accounts 30 days past due rise to an all-time high of 5.6 percent. On average, American families owe 24 percent of their income in credit card debt.

These are daunting figures in an unstable time; but Congress can and must do something about it, by making sure that unfair credit card practices and fees do not deter consumers from paying down their debt. The Federal Reserve has mandated new regulations that mirror many of the protections included H.R. 627. I applaud the Board for its work on the UDAP and Regulation Z changes, but I believe that this Congress should codify these important consumer protections to send the message to the industry and consumers that Congress is serious about standing up for consumer rights.

H.R. 627 would level the playing field between card issuers and cardholders by applying common-sense regulations that would ban retroactive interest rate hikes on existing balances, double-cycle billing, and due-date gimmicks. It would also increase the advance notice of impending rate hikes, giving cardholders the information and rights they need to make decisions about their financial lives.

I urge my colleagues to support this important consumer protection bill.

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